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Students Can Apply For Federal Student Aid On-Line At <www.fafsa.ed.gov>

FAFSA on the Web is an Internet application that allows students to complete an electronic Free Application for Federal Student Aid (FAFSA). Using the U.S. (domestic) version of Netscape Navigator 3.0 or above, students may complete and submit their FAFSA information directly to the Department of Education's Central Processing System (CPS).

After transmitting an application over the Internet, students can mail their signed signature page to the Department. The CPS will determine their eligibility for financial aid within 72 hours after receiving the completed application.

Benefits

FAFSA on the Web is available world wide. Students can access the FAFSA Web page from anywhere, home or school, and save their application information to a diskette to complete and transmit at a later time. In addition, FAFSA on the Web --

- ✓ can be used on any type of computer that supports a Netscape web browser
- ✓ does not require software to be installed, so it takes less time before students can actually use the application
- ✓ automatically edits applicant answers before transmitting and uses skip logic so we will only ask students those questions that they need to answer
- ✓ can support an unlimited number of users, allowing thousands of students to apply at the same time.

ED PLANS COUNSELING GUIDE FOR DIRECT PLUS LOAN BORROWERS

The Department of Education recently convened two focus groups - one with financial aid administrators, the other with students and parents, to develop a Direct PLUS Loan counseling booklet for parent borrowers. The booklet will be similar to the Direct Loan entrance and exit counseling guides for student borrowers.

Focus group participants were asked to review current Direct PLUS Loan materials and provide recommendations for a comprehensive Direct PLUS Loan counseling booklet to assist parent borrowers. Each group provided useful suggestions for the content, style, and format of the booklet which will be incorporated into the final version of the counseling booklet. The Guide will be completed in December and distributed early next year.

ANNOUNCEMENT

The Direct Loan web site now has a new, more accessible address. While users may continue to access our site at <http://www.ed.gov/Offices/OPE/DirectLoan/> our new address is:

<http://www.ed.gov/DirectLoan>

The focus groups also reviewed drafts and made recommendations for a final Direct PLUS Loan repayment chart. The chart will provide monthly and total repayment amounts for a wide range of Direct PLUS Loan debt amounts. (Monthly payment amounts will be based on the maximum 9 percent interest rate). The focus group endorsed a single page chart as a format that would provide useful information for parent borrowers and also be inexpensive to distribute. The recommendations of the focus groups were incorporated into the chart that was distributed at the recent National Association of Student Financial Aid Administrators (NASFAA) conference in Philadelphia. Schools will receive a Direct Loan Bulletin explaining how to order additional copies of the repayment chart in the near future.

POLICY UPDATE

QUESTIONS & ANSWERS

Schools may request a copy of any of the Federal Register notices cited on this page by calling the Federal Student Aid Center at 1 (800) 433-3243. Schools may also access the regulations below via the Direct Loans web site by clicking on the regulation cite links in the Direct Loan Newsletter on the Web at www.ed.gov/DirectLoan.

When must a school originate a Direct Loan?

A school is required to originate a Direct Loan (create a complete electronic loan origination record) while the borrower (or student, in the case of a Direct PLUS Loan) is enrolled and eligible. This requirement is included in regulations [see 34 CFR 685.301(a)(1)].

In EDEExpress, a loan is originated when a school creates an "origination date" in the loan record (by pulling down **origination**, under **process** on the menu; or by clicking on the appropriate button).

What are the effective dates of the new cash management provisions, published November 29, 1996, that affect the Direct Loan Program.

- **Payment period definition:** effective for loan periods beginning on or after July 1, 1997.
- **Definition of "disbursement":** effective for Direct Loan funds disbursed on or after July 1, 1997.
- **Late disbursement provisions:** effective for a late Direct Loan disbursement that is made to any student or parent borrower who ceases to be enrolled at least half-time on or after July 1, 1997.
- **Notification of a borrower's right to cancel a loan:** effective for any Direct Loan funds credited to a student's account on or after July 1, 1997.

If a school that has been participating in other Title

IV programs begins participating in the Direct Loan Program for the first time, is the school required to attend precertification training?

No. The school is not required to attend precertification training a second time but is required to attend Direct Loan training.

Who is required to attend the Direct Loan training?

The individual the school has designated as responsible for administering all Title IV Programs [under 34 CFR 668.16(b)(1)] is required to attend the training. In the case of a for-profit institution, the chief administrator of the institution is required to attend the training. For all other schools, the chief administrator of the institution, or another administrative official of the institution designated by the chief administrator, is required to attend [see 34 CFR 668.13(a)(4)].

Can a student attending a Direct Loan school participate in a study abroad program and receive a Direct Loans to cover study abroad expenses?

Yes. As is true for all Title IV aid, a student is eligible to receive a Direct Loan while enrolled in a study abroad program if the student remains enrolled as a regular student at the Direct Loan institution and the Direct Loan institution approves the study abroad program for academic credit [see 34 CFR 668.39].

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POLICY UPDATE (*Cont'd.*)

What are the policy and operational requirements for addressing the situation of borrowers "inadvertently" obtaining Direct Loan funds that exceed the annual or aggregate loan limits.

As required under 34 CFR 668.35(b), if a borrower has inadvertently obtained Direct Loan and/or FFEL Program Loan funds in excess of annual or aggregate loan limits, the borrower must make arrangements, satisfactory to the holder of the loan, to repay the excess loan amounts before he or she may be eligible for further Title IV assistance. To be considered "inadvertently obtained," the excess loan amount must not be the result of error on the part of the borrower or the originating school; rather, it must be the result of incorrect data or lack of available data. For example, any excess that resulted from incorrect data or lack of data on NSLDS or on a financial aid transcript would be considered to be inadvertently obtained. If a school failed to request a financial aid transcript from a school that a borrower previously attended, any excess loan amount the borrower may have obtained would be the result of school (or borrower) error and would not be considered "inadvertently obtained."

If a school identifies a borrower who has inadvertently obtained loan funds in excess of the aggregate or annual loan limits, the school should first contact the Direct Loan Policy office at (202)708-8242. The policy office will determine whether the excess loan amounts were inadvertently obtained. Once the policy office verifies that the excess was inadvertently obtained, the policy office will contact the Direct Loan Servicing Center, and the servicing center will work directly with the school and borrower to resolve the situation.

In order for a borrower to make "arrangements satisfactory to the holder" to repay the excess loan amount, the borrower must either: 1) repay in full the excess loan amount, 2) sign a statement reaffirming the debt on the excess loan amount and agreeing to repay the excess funds.

Single Identifier Initiative Update Deadline September 30, 1997

A new single eight-digit identification numbering system for institutions participating in Title IV federal student aid programs will be fully implemented in the 1999-2000 award year. Prior to assigning the single identifier the Department needs to verify that the information in ED's data systems is current and accurate.

In early July, a "Program Identifier Report (PIR)", with an explanatory cover letter, was mailed to each financial aid officer of schools participating in Title IV programs. At the same time, a copy of the cover letter (without the PIR) was sent to the school's business officer. The PIR included existing program identifiers, and all Title IV school codes assigned to the school. It also included the school's legal address, FFEL identifier(s), other non-main campus locations, schools within the institutions and administrative sites.

Any revisions/corrections to a school's information for the Title IV Single Identifier Initiative (SII) must be provided to the Department by September 30, 1997. Schools may forward the information via e-mail <title4sii@ed.gov> or by using the Single Identifier Web site at <<http://www.sii.ed.gov>>. If you have questions or need additional information please call (202) 708-4608 or (202) 260-5909.

Interest Rates for Direct Loans July 1, 1997 - June 30, 1998

STUDENT LOANS

First disbursed before 7/1/95 for all periods	8.25%
First disbursed on or after 7/1/95:	
in-school, grace, or deferment	7.66%
not in-school, grace or deferment	8.25%

PARENT LOANS

8.98%	(this is an increase in the interest rate of 0.26%)
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DIRECT LOAN TRAINING SCHEDULE

EDEExpress Training and Direct Loan Training will be provided throughout the remainder of this calendar year. We are offering one EDEExpress session and one Direct Loan session per month through December. Below is a schedule and description of the training. To make travel convenient for those attending both sessions, the Getting Started with EDE is held the day before the Direct Loan session begins.

Date	Location	Contact
July EDE 7/29 Direct Loan 7/30-31	61 Forsyth Street, SW, Room 18T20-A Atlanta, GA 30303	Keisha Davis (404) 562-6259 (404) 562-6283 fax
August EDE 8/12 Direct Loan 8/13-14	111 North Canal Street, Room 1030 Chicago, IL 60606	Stephanie Flowers (312) 886-8766 (312) 886-6737 fax
September EDE 9/16 Direct Loan 9/17-18	75 Park Place, Twelfth Floor New York, NY 10007	Kristen Vreeland (212) 264-8012 (212) 264-1666 fax
October EDE 10/21 Direct Loan 10/22-23	1391 N. Speer Boulevard, Suite 800 Denver, CO 80204	Devin Croft (303) 844-3677 ext. 125 (303) 844-5756 fax
November EDE 11/04 Direct Loan 11/05-06	1200 Main Tower, Room 710 Dallas, TX 75202	Kim Henry (214) 767-9607 (214) 767-9604 fax
December EDE 12/02 Direct Loan 12/03-04	50 United Nations Plaza, Room 137 San Francisco, CA 94102	Pat Walker (415) 437-8843 (415) 437-8852 fax

Direct Loan Training (Two Day Session). This training session will help participants understand the loan process and procedures for sending and receiving data from the Direct Loan Origination Center (LOC). It combines program and policy information with hands-on instruction on the EDEExpress software supporting Direct Loan functions.

Getting Started with EDE (One-Day Session). This training is for school officials who have little or no experience with Electronic Data Exchange, the service that allows schools to electronically process Title IV financial aid data using the Title IV Wide Area Network, and/or EDEExpress, the software developed by ED to aid schools in this process.

ABOUT OUR NEWSLETTER

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Copies are available free of charge upon request from the Direct Loan Servicing Center, School Services Division, 1 (800) 848-0978 OR the Newsletter may be downloaded from the Internet at: <http://www.ed.gov/DirectLoan/>

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